Grant Thornton

Agora Microfinance Zambia Limited

Financial statements
31 December 2011

AGORA MICROFINANCE ZAMBIA LIMITED

FINANCIAL STATEMENTS – 31 DECEMBER 2011

CONTENTS **PAGE**

AGORA MICROFINANCE ZAMBIA LIMITED

DIRECTORS' REPORT

The Directors present their report on the activities of Agora Microfinance Zambia Limited ("the Company" or "AMZ"), together with the audited financial statements for the financial year ended 31 December 2011.

Principal activities and developments during the year
The principal activity of the Company is to provide financial services among the rural and urban poor in Zambia. The Company received its microfinance license, issued by the Bank of Zambia, on 4 April 2011 and began making loans to clients shortly thereafter.At 31 December 2011, the Company has branch offices in Mongu and Mumbwa, each employing 11 people. The Head Office in Lusaka employed a further 7 people. The Company utilises the Village Bank model within its lending methodology. At 31 December 2011 the Company had formed lending relationships with 91 Village Banks, serving almost 5,000 clients who, collectively, had borrowed over K3.6 billion.

The Company
On 7 May 2010, the Company was incorporatedunder the Zambian Companies Act as a private company limited by shares.

Business address
Agora Microfinance Zambia Limited
Plot No. 3807, Olympia
Kwacha Road
Lusaka

Postal address
Agora Microfinance Zambia Limited
P O Box 745 Post Net
Manda Hill
Lusaka

Share capital
The total authorised number of ordinary shares is 5,000,000 with a par value of K 10,000 per share. The authorised share capital is split between A class ordinary shares attached to which are voting rights and B class ordinary shares which do not have voting rights. There are 95,000 authorised A class ordinary shares and 4,905,000 authorised B class ordinary shares.

The following movements in share capital occurred during the period:

	Number of A class shares	Number of B class shares	Total K'000
Issued during the period	95,000	-	950,000
At 31 December 2010	95,000	-	950,000
Issued during the year	-	218,775	2,187,753
At 31 December 2011	95,000	218,775	3,137,753

All issued shares are fully paid.

Results and dividends
The Company's results for the year are shown on page 8. The Directors do not propose that a dividend be declared in respect of the 2011 financial year.

AGORA MICROFINANCE ZAMBIA LIMITED

DIRECTORS' REPORT (continued)

Directors' and secretary
The names of the directors and the secretary are as follows:

Directors
Rebecca McKenzie - Chairman
MalubaWakung'uma – CEO
Irina Ingatieva
RakeshKatal
Glenda Mazakaza
Musa Mwenye
TanmayChetan (Appointed30 August 2011)

Company Secretary
Musa Mwenye Advocates (Resigned1 September 2011)
MalubaWakung'uma (Appointed1 September 2011)

The address of the Secretary is the same as the business address above.

Directors' remuneration
A total of K13.2 million was spent on director's fees during the year (2010: K 3 million).

Average number and remuneration of employees

Month	No.	Remuneration K	Month	No.	Remuneration K
January	7	97,331,061	July	18	171,002,982
February	7	70,480,867	August	21	127,317,231
March	8	76,439,957	September	24	138,661,484
April	14	107,066,549	October	27	123,608,876
May	17	99,425,413	November	27	124,612,401
June	18	106,154,958	December	28	134,514,744

The significant increase in July was due to payment of incentives to eligible staff.

Gifts and donations
There were no gifts or donations made during the year (2010: Knil).

Property, plant and equipment and other intangible assets
Additions to property, plant and equipment and other intangible assets are included within Notes 13 and 14 to the financial statements. In the opinion of the Directors, the fair values of the property, plant and equipment and other intangible assets are not less than the amount at which they are included in the financial statements.

Research and Development
There was no expenditure incurred for research and development during the period.

Related party transactions
Related party transactions during the period consisted of three convertible loan agreementsentered into with shareholdersand other entities or individuals associated with shareholders. Further information on these loan agreements is included within Note 21 to the financial statements. Additionally, the remuneration of key management personnel is also disclosed within Note 21.

Prohibited borrowings or lendings
There were no prohibited borrowings during the year (2010: Knil).

AGORA MICROFINANCE ZAMBIA LIMITED

DIRECTORS' REPORT (continued)

Risk management and control
AMZ has a risk management framework defined in itsBusiness and Strategic Plan which defines the main risk areas and the mitigating strategies. Internal control systems are outlined in the organizations policies and procedures. As at the 31 December 2011 the following policies were in place:

a)	Operations Policy	-	Approved
b)	Human Resource Policy	-	Approved
c)	Internal Audit Policy	-	Approved provisionally
d)	Finance Policy	-	Provisional Draft

Compliance function
The Company has a fully functional Internal Audit department, comprising one staff member who conducts regular inspections of Head Office and both branches for compliance with internal policies and procedures and external requirements. Internal audit reports are reviewed and approved by the Audit and Finance Committee of the board. It is expected that an additional internal audit staff member will be hired during 2012.

Know your customer ("KYC") and money laundering policies
All KYC requirements are conducted by the branch and filed in hard copy at branch level. Additionally, all potential borrowers are checked using an approved credit reference bureau.

Other material facts, circumstances and events
One incidence of fraud occurred during the year but the there was no material loss to the company. All monies involved were recovered and the employee perpetrating said fraud was dismissed.

Financial statements
The financial statements set out on pages 8 to 31 have been approved by the directors.

Auditors
Grant Thornton
5thFloor Mukuba Pension House
DedanKimathi Road
P.O Box 30885
Lusaka, Zambia

In accordance with the provisions of the Articles of Association of the Company, the auditors, Messrs Grant Thornton, will retire as auditors of the Company at the forthcoming Annual General Meeting and, having expressed their willingness to continue in office, a resolution proposing their re-appointment will be presented at the Annual General Meeting.

Going concern
The Company prepares detailed budgets and forecasts for both one year and in the form of its strategic business plan up to 2015. These forecasts show that the Company will be profitable each year from 2012. Accordingly, the Directors have satisfied themselves that the Company will have adequate resources to continue in operational existence for at least the next twelve months and therefore the going concern basis has been used in preparing the financial statements.

By order of the Board

COMPANY SECRETARY
28 March 2012

AGORA MICROFINANCE ZAMBIA LIMITED

CORPORATE GOVERNANCE STATEMENT

Importance of corporate governance

AMZ is governed by the Articles of Association as revised on 1July 2011. The 'Articles' define the corporate governance structure and mandate of directors and senior management.The AMZ Business and Strategic Plan also outlines in detail the organizational structure which includes the AGM at the apex of the structure, a Board of Directors andan Audit and Finance Committee. Further development of corporate governance is a clearly identified area of focus for the Directors and senior management during 2012.

Board Committees

Current membership of the Board's Finance and AuditCommitteeis as follows:

Glenda Mazakaza	Chairperson
Rebecca McKenzie	Member
Irina Ignatieva	Member
Maluba H. Wakunguma	Member

The Committee has also retained the services of Caterina Giordano from Agora Microfinance Partners LLP in London as a Committee member providing technical assistance, although she is not a Director of the Company.

Management Committees

There are currently no formal management committees. It is anticipated that an Asset and Liability Committee ("ALCO") will be established in 2012.

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Companies Act 1994 and the Banking and Financial Services Act 1994, as amended require the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Agora Microfinance Zambia Limited and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the Directors are responsible for

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1994 and the Banking and Financial Services Act 1994, as amended. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion

(a) the financial statements give a true and fair view of the financial position of Agora Microfinance Zambia Limited as of 31 December 2011, and of its financial performance and its cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Board of Directors.

Signed at **Lusaka** on 28 March 2012.

Director **Director**

AGORA MICROFINANCE ZAMBIA LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGORA MICROFINANCE ZAMBIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements ofAgora Microfinance Zambia Limited, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 5 directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AGORA MICROFINANCE ZAMBIA LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AGORA MICROFINANCE ZAMBIA LIMITED (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Agora Microfinance Zambia Limited as at 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Agora Microfinance Zambia Limited as of 31 December 2011have been properly prepared in accordance with the Companies Act 1994 and the Banking and Financial Services Act 1994, as amended, and the accounting and other records and registers have been properly kept in accordance with the Acts.

Chartered Accountants

Edgar N Hamuwele
Partner

Lusaka
28 March 2012

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Interest income	5	1,074,085	-
Interest expense	6	(182,470)	-
Net interest income		**891,615**	**-**
Impairment losses on loans and advances	3	(8,235)	-
Net interest income after impairment losses on loans and advances		**883,380**	**-**
Fee and commission income	7	273,998	-
Foreign exchange loss		(17,787)	-
Other operating income		46	-
Operating expenses	8	(2,372,291)	(856,221)
Loss before income tax		**(1,232,654)**	**(856,221)**
Income tax credit	10	441,249	297,124
Total comprehensive loss for the year		**(791,405)**	**(559,097)**

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF FINANCIAL POSITION – 31 DECEMBER 2011

	Notes	31 December 2011 K'000	31 December 2010 K'000
ASSETS			
Cash and cash equivalents	11	826,417	216,767
Loans and advances to customers	12	3,601,759	-
Property and equipment	13	550,486	72,144
Intangible assets	14	145,049	-
Deferred income tax assets	15	738,373	297,124
Other assets	16	622,981	15,474
Total assets		**6,485,065**	**601,509**
LIABILITIES			
Other liabilities	17	903,814	36,213
Borrowings	18	3,794,000	-
Total Liabilities		**4,697,814**	**36,213**
SHAREHOLDERS' EQUITY			
Share capital	19	3,137,753	950,000
Contributions by shareholders	20	-	174,393
Retained earnings		(1,350,502)	(559,097)
Total shareholders' equity		**1,787,251**	**565,296**
Total equity and liabilities		**6,485,065**	**601,509**

The financial statements on pages 8 to 31 were approved for issue by the Board of Directors on 28 March 2012 and signed on its behalf by:

Director **Director**

CEO and Company Secretary **Chief Financial Officer**

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Share Capital K'000	Contributions Shareholders K'000	Retained earnings K'000	Total K'000
Period ended 31 December 2010					
Issued during the period	19	950,000	-	-	950,000
Comprehensive loss for the period		-	-	(559,097)	(559,097)
Contributions for the period	19, 20	-	174,393	-	174,393
At 31 December 2010		950,000	174,393	(559,097)	565,296
Year ended 31 December 2011					
At 1 January 2011		950,000	174,393	(559,097)	565,296
Issued during the period	19	2,013,360	-	-	2,013,360
Transferred during the period		19, 20	174,393	(174,393)	-
Comprehensive loss for the period		-	-	(791,405)	(791,405)
At 31 December 2011		3,137,753	-	(1,350,502)	1,787,251

AGORA MICROFINANCE ZAMBIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Cash flows from operating activities		
Deficit for the period before tax	(1,232,654)	(856,221)
Depreciation	88,758	9,822
Cash outflow from operating activities before changes in operating assets and liabilities	(1,143,896)	(846,399)
Changes in operating assets and liabilities		
- loans and advances	(3,601,759)	-
- other assets	(607,507)	(15,474)
- other liabilities	867,601	36,213
Net cash used in operating activities	**(4,485,561)**	**(825,660)**
Cash flows from investing activities		
Purchase of property and equipment	(567,019)	(81,966)
Purchase of intangibles	(145,130)	-
Net cash used in investing activities	**(712,149)**	**(81,966)**
Cash flows from financing activities		
Issue of Class A voting shares	-	950,000
Issue of Class B non-voting shares	(2,187,753)	-
Contributions by shareholders	(174,393)	174,393
Proceeds from borrowings	3,794,000	-
Net cash generated by financing activities	**5,807,360**	**1,124,393**
Net increase in cash and cash equivalents	**609,650**	**216,767**
Cash and cash equivalents at start of period	**216,767**	**-**
Cash and cash equivalents at end of period	**826,417**	**216,767**
Represented by:		
Cash and cash equivalents	826,417	216,767

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011

1. **General information**

The Company is incorporated in Zambia under the Companies Act as a Company Limited by shares, and is domiciled in Zambia. The address of its registered office is:

P.O. Box 745 Post net Manda hill
Plot No. 3807, Kwacha Road
Olympia
Lusaka

The principal activity of the company is to provide financial services among the rural and urban poor in Zambia.

2. **Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) **Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "presentation of financial statements" (Revised 2007). The company has elected to present the "Statement of comprehensive Income" in one statement namely "Statement of Comprehensive Income". The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambia Kwacha (K), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Future accounting developments

As at 31 December 2011 the IASB had issued the following accounting standards that are relevant to the Company.

IFRS 13 *Fair Value Measurement* (effective 1 January 2013). This provides comprehensive guidance on how to calculate the fair value of financial and non-financial assets and liabilities. It is not expected to have a material impact on the Company's financial statements. They are effective on 1 January 2013.

In 2009 and 2010, the IASB issued IFRS 9 *Financial Instruments* (effective 1 January 2015) which contains new requirements for accounting for financial assets and liabilities,and will contain new requirements for impairment and hedge accounting, replacing the corresponding requirements in IAS 39. It is not expected to have a material impact on the Company's financial statements.

(b) **Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of comprehensive income using the effective interest method.

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

2. **Summary of significant accounting policies (continued)**

For loans originated by the Company, where the interest is calculated on a daily basis by applying contracted interest rate to the loan amount, the interest is effected on the total amount before deduction of processing fees and cash collateral

The recognition of interest ceases when payment of interest or principal is overdue for more than 120 days or when a client has died. Interest is included in income thereafter only when it is received.

(c) **Fees and commission income**

Fees and commissions are deducted from the loan amount upon disbursement and therefore do not accrue.

(d) **Translation of foreign currencies**

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Kwacha ("K") which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(e) **Financial assets**

The Company classifies its financial assets into the following categories: loans, advances and receivables. Management determines the appropriate classification of its financial assets at initial recognition.

Loans and advances and receivables
Loans and advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans, advances and receivables are carried at amortised cost using the effective interest method. Interest calculated using the effective interest method is recognised in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

2. **Summary of significant accounting policies (continued)**

(f) **Impairment of financial assets**

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as default or delinquency in interest or principal repayments;
c) the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Company would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

The estimated period between a loss occurring and its identification is determined by management for each identified portfolio. In general, the periods used vary between 1 month and 3 months.

(i) **Assets carried at amortised cost**

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial instrument's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income.

2. **Summary of significant accounting policies (continued)**

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised in the statement of comprehensive income as other income.

(g) **Property and equipment**

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'operating expenses' during the period in which they are incurred.

Depreciation on other assets is calculated on the straight line basis to write down their cost to their residual values over their estimated useful lives, as follows:

Fixtures, fittings and equipment	4 years
Motor vehicles	4 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2. **Summary of significant accounting policies (continued)**

The Company assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Company estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(h) **Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(i) **Income tax**

The tax credit for the period comprises current and deferred income tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled or the related deferred income tax asset is realised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(j) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2. **Summary of significant accounting policies (continued)**

(k) **Borrowings**

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. The cost of each transaction is borne by the remitter and not included in the loan value.

(l) **Employee benefits**

The Company did not have employee gratuities that accrued during the year. Employees are paid performance based incentives instead. However, all employees are members of the National Pension Scheme Authority to which both employees and the Company contribute. Obligations for contributions are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

There are no expected gratuity payments are per employee contracts of employment.

(m) **Share capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

The company issues 2 types of ordinary shares: Class A shares with voting rights and Class B shares with no voting rights.

(n) **Dividends payable**

The company's shareholders do not expect to derive any dividends for the next 2-3 years as per its articles of association. After that, the policy will be reviewed on the basis of the performance of AMZ and its continued need for additional capital. There were no dividends to declare in 2011.

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

3. Financial risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

Risk management is carried out by the Audit and Finance Committee, under policies approved by the Board of Directors. The Committee identify, evaluate and hedge financial risks in close cooperation with the operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk and credit risk. The most important types of financial risk affecting the Company are credit risk, liquidity risk and market risk (including currency and interest rate risk).

(a) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is the most important risk for the Company's business: management therefore carefully manages the exposure to credit risk. The key area where the Company is exposed to credit risk is through loans and advances to customers.

The Company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored and subject to frequent review. Limits on the level of credit risk by product are approved by management and the Board of Directors. Other specific control and mitigation measures are outlined below

Collateral and other credit enhancements
The Companyrequires customers to deposit cash collateral when taking out a loan. This cash collateral is auto-deducted from the loan upon disbursement. The cash collateral amount is a percentage of the loan amount which varies according to the loan product as follows:

End of Term loan:	7%
Flexi 1 loan:	10%
Emergency loan :	Nil

Loans are disbursed under the Village Bank ("VB") concept. Within a VB there are 5-10 borrowing groups each of which comprises 5-10 individual borrowers. All borrowers within the VB are jointly liable for the borrowings of the entire VB and the collateral provided by the entire VB can be used against any loan from that VB.

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

3. Financial risk management (continued)

Maximum exposure to credit risk

The table below present's the Company's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on-balance sheet financial assets.

	31 December 2011 K'000	31 December 2010 K'000
Cash and cash equivalents	826,417	216,767
Loans and advances to customers	3,601,759	-
Other assets	622,981	15,474
	5,051,157	232,241

The exposures set out above are based on carrying amounts as reported in the statement of financial position. 71.3% of the total maximum exposure is derived from loans and advances to customers (2010: nil).Loans and advances to customers, are secured by cash collateral held with AMZ until and upon completion of the loan and/or mutual guarantees (for group loans). As at 31 December 2011 the value of cash collateral held was ZMK493million (2010: nil).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loan and advances portfolio based on the following:

- the Company exercises stringent controls over the granting of new loans;
- 99.8.% of the loans and advances portfolio are neither past due nor impaired; and
- 100% of the loans and advances portfolio are backed by cash collateral and mutual guarantees.

Financial assets that are past due or impaired

Loans and advances are summarised as follows:

	31 December 2011 K'000	31 December 2010 K'000
Neither past due nor impaired	3,593,874	-
Past due but not impaired 1-29 days	8,727	-
Past due but not impaired 30-59 days	1,623	-
Past due but not impaired 60-89 days	3,725	-
Past due but not impaired 90-119 days	378	-
Past due >120 days	1,667	-
Gross	3,609,994	-
Less: allowance for impairment	(8,235)	-
	3,601,759	-

No other financial assets are either past due or impaired.

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

3. **Financial risk management (continued)**

Loans and advances less than 120 days past due are not considered impaired, unless other information is available to indicate the contrary. However, all loans are assessed for impairment on a collective basis. Collectively assessed provisions are considered on a portfolio basis, to reflect the homogeneous nature of the assets. Apercentage of the portfolio is impaired by evaluating the ageing of missed payments combined with the historical recoveryrates for that particular portfolio. The gross impaired loans are quoted without taking account of any collateral or security held, which could reduce the potential loss.

Concentrations of risk of financial assets with credit risk exposure

Industry sector risk concentrations within the customer loan portfolio was as follows:

	31 December 2011 K'000	31 December 2010 K'000
Agriculture and allied	1,368,642	-
Manufacturing, mining and production	64,376	-
Trade and services	2,150,408	-
Other	26,568	-
	3,609,994	-

(b) **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due or is unable to replace funds when they are withdrawn.

The following table presents the contractual maturities of the Company's financial liabilities on an undiscounted cash flow basis.

	On demand K'000	Less than 3 months K'000	More than 3 months but not more than 1 year K'000	More than 1 year K'000	Total K'000
31 December 2011					
Other liabilities	414,354	23,016	465,659	785	903,814
Borrowings	-	-	500,000	3,294,000	3,794,000
	414,354	23,016	965,659	3,294,785	4,697,814
31 December 2010					
Other liabilities	36,213	-	-	-	36,213
Borrowings	-	-	-	-	-
	36,213	-	-	-	36,213

3. **Financial risk management (continued)**

(c) **Market risk**

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Audit and Finance Committee. Management is responsible for the development of detailed risk management policies and for the day to day implementation of those policies.

Currency risk

The Company has material currency assets and liabilities resulting from its funding structure whereby it obtains US$ denominated loans as financing. The Company maintains US$ assets to match these liabilities as long as possible, although at this start up stage of operations, the Company's requirement for Kwacha means that it translates the majority of these US$ balances into Kwacha in order to fund the expansion of its loan portfolio. As the Company expands it anticipates developing its hedging strategy.

The table below summarises the Company's exposure to US$ exchange rate risk at 31 December:

	31 December 2011 K'000	31 December 2010 K'000
Assets		
Other receivables	500,000	-
Liabilities		
Other liabilities	500,000	-
Net on-balance sheet position	-	-

The Company has an undrawnamountunder itsloan agreement with Agora Microfinance N.V.("AMNV") of K4,527 million or $900,000 (2010: Knil)

Based on the Company's year end net assets denominated in US$ the impact of a 10% strengthening or weakening of the Kwacha would result in a no gain or loss (2010: Knil).

Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates. Interest margins may increase or decrease as a result of such changes. The table below summarises the Company's exposure to interest rate risk at 31 December:

3. **Financial risk management (continued)**

	Up to 1 month	More than 1 month but not more than 3 months	More than 3 months but not more than 1 year	More than 1 year	Total
	K'000	K'000	K'000	K'000	K'000
31 December 2011					
Assets					
Loans and advances to customers	26,206	168,522	3,409,516	5,750	3,609,994
Liabilities					
Borrowings	-	-	500,000	3,294,000	3,794,000
31 December 2010					
Assets					
Loans and advances to customers	-	-	-	-	-
Liabilities					
Borrowings	-	-	-	-	-

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for financial institutions ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

(d) **Capital management**

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to comply with the capital requirements set by the Banking and Financial Services Act;
- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines issued by the Bank of Zambia for supervisory purposes. The required information is filed with the Bank of Zambia on a quarterly basis. The Company is required to maintain a minimum capital of the higher of K25 million and 17% of the risk weighted assets.

The Bank of Zambia requires each Microfinance Institution (MFI), including the Company, to: (a) hold the minimum level of regulatory capital of the higher of K250 million and 15% of the risk weighted assets; (b) maintain a ratio of total regulatory capital to the risk-weighted assets plus risk-weighted off-balance sheet assets (the 'Basel ratio') at or above the required minimum of 10%; (c) maintain primary or tier 1 capital of not less than 5% of total risk weighted assets; and (d) maintain total capital of not less than 10% of risk-weighted assets plus risk-weighted off-balance sheet items.

3. **Financial risk management (continued)**

The Company's total regulatory capital is divided into two tiers:

- Tier 1 capital (primary capital): common shareholders' equity, qualifying preferred shares, retained earnings and minority interests in the equity of subsidiaries that are less than wholly owned.

- Tier 2 capital (secondary): qualifying preferred shares, 40% of revaluation reserves, subordinate term debt or loan stock with a minimum original term of maturity of over five years (subject to straight line amortisation during the last five years leaving no more than 20% or the original amount outstanding in the final year before redemption) and other capital instruments which the Bank of Zambia may allow. The maximum amount of secondary capital is limited to 100% of primary capital.

Risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of – and reflecting an estimate of the credit risk associated with – each asset and counterparty.

The table below summarises the composition of regulatory capital, total risk weighted assets and the relevant ratios for the Company as at 31 December 2011. No information is provided as at 31 December 2010 as the Companyhad not received its microfinance license and therefore was not regulated by the Bank of Zambia at that time:

	31 December 2011 K '000
Capital	
Tier 1 capital	1,623,802
Tier 2 capital	-
Total	1,623,802
Risk-weighted assets	
On-balance sheet	4,388,430
Off-balance sheet	-
Total	4,388,430
Basel ratio	
Tier 1 (regulatory minimum: 5%)	37%
Tier 1 + Tier 2 (regulatory minimum: 10%)	37%

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

3. **Financial risk management (continued)**

The following tables show the computation of both the capital position of the Company and its risk-weighted assets as at 31 December 2011:

Computation of capital position

	31 December 2011 K '000
Primary (Tier 1) capital	
Paid up common shares	3,137,753
Retained earnings	(1,350,502)
Less:	
Intangible assets	(145,049)
Prepayments	(18,400)
Total primary capital	1,623,802
Secondary (Tier 2) capital	-
Eligible total regulatory capital	1,623,802
Minimum total capital requirement	746,033
Excess capital	877,769

Calculation of risk-weighted assets

		31 December 2011	
	Risk weight	Balance (net of allowance for losses) K'000	Risk-weighted assets K'000
Cash and cash equivalents	0%	826,417	-
Loans and advances to customers			
- portion secured by cash	0%	493,039	-
- issued to or guaranteed by a group	75%	3,108,721	2,331,541
Property and equipment	100%	550,486	550,486
Intangible assets	100%	145,049	145,049
Deferred income tax asset	100%	738,373	738,373
Other assets	100%	622,981	622,981
Total risk weighted assets		6,485,066	4,388,430

4. **Critical accounting estimates and judgements in applying accounting policies**

The Company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment losses on loans and advances
The Company reviews its loan portfolios to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Income taxes and deferred tax asset
The Company is subject to income taxes. Judgement is required in determining the extent that it is probable that taxable profits will be available in the future against which deferred tax assets can be utilised. Based on forecasts, the Company expects to recover its deferred tax assets within the next two years. Further details of deferred tax assets and their expected recovery can be found in Note 15 to the Financial Statements. If the Company's forecasts were 10% higher or lower then the Company would still expect to recover its deferred tax assets within the next two years.

		Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
5.	**Interest income**		
	Arising on:		
	Loans and advances to customers	1,074,085	-
6.	**Interest expense**		
	Arising on:		
	Other borrowings	182,470	-
7.	**Fee and commission income**		
	Loan Processing fees	273,998	-

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

8. **Operating expenses**

The following items are included within operating expenses:

	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Employee benefits expense	1,387,769	447,664
Depreciation and amortisation	88,758	9,822
Auditors' remuneration	45,935	36,213
Other operating expenses	849,829	362,522
	2,372,291	856,221

9. **Employee benefits expense**

The following items are included within employee benefits expense:

	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Retirement benefit costs:		
- National Social Security Fund (NAPSA)	65,476	14,373

10. **Income tax credit**

(a) Tax Credit	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Deferred tax	441,249	297,124

(b) The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Year to 31 December 2011 K '000	8 months to 31 December 2010 K '000
Loss before income tax	(1,232,654)	(856,221)
Tax calculated at the statutory income tax rate of 35%	431,429	299,677
Tax effect of:		
Expenses not deductible for tax purposes	(15,901)	(6,287)
Capital allowances	25,721	3,734
	441,249	297,124

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

11. **Cash and cash equivalents**

	31 December 2011 K'000	31 December 2010 K'000
Cash on hand	2,001	942
Balances with banks	824,416	215,825
	826,417	216,767

12. **Loans and advances to customers**

(a) Summary

	31 December 2011 K'000	31 December 2010 K'000
Gross loans and advances	3,609,994	-
Less: Provision for impairment of loans and advances		
-Individually assessed	(8,235)	-
-Collectively assessed	-	-
	3,601,759	-

(b) Maturity period

	31 December 2011 K '000	31 December 2010 K '000
Within 1 month	26,206	-
Between 1 to 3 months	168,522	-
Between 3 months and 1 year	3,409,516	-
Greater than 1 year	5,750	-
	3,609,994	-

(c) Movements in provisions for impairment of loans and advances are as follows:

	31 December 2011 K '000	31 December 2010 K '000
At start of year	-	-
Impairment for the year	8,235	-
At end of year	8,235	-

All impaired loans have been written down to their estimated recoverable amount. The aggregate carrying amount of impaired loans at 31 December 2011 was K16.1 million (2010: Knil.).

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

13. Property and equipment

	Motor vehicles K'000	Computer & office equipmt K'000	Furniture and fittings K'000	Total K'000
31 December 2010				
Cost				
Additions	-	58,016	23,950	81,966
At 31 December 2010	-	58,016	23,950	81,966
Depreciation				
Charge for the year	-	6,329	3,493	9,822
At 31 December 2010	-	6,329	3,493	9,822
31 December 2011				
Cost				
At 1 January 2011	-	58,016	23,950	81,966
Additions	413,694	108,075	45,250	567,019
At 31 December 2011	413,694	166,091	69,200	648,985
Depreciation				
At 1 January 2011	-	6,329	3,493	9,822
Charge for the year	45,422	31,252	12,003	88,677
At 31 December 2011	45,422	37,581	15,496	98,499
Net book value				
At 31 December 2010	-	51,687	20,457	72,144
At 31 December 2011	368,272	128,510	53,704	550,486

14. Intangible assets

	31 December 2011 K'000	31 December 2010 K'000
Cost		
At start of year	-	-
Additions	145,130	-
At end of year	145,130	-
Amortisation		
At start of year	-	-
Charge for the year	81	-
At end of year	81	-
Net book value		
At 31 December 2010	-	-
At 31 December 2011	145,049	-

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

15. **Deferred income tax assets**

a) Deferred income tax is calculated using the enacted income tax rate of 35%. The movement on the deferred income tax account is as follows:

	Year to 31 December 2011 K'000	**8 months to 31 December 2010 K'000**
At start of year	297,124	-
Income statement credit (Note 10)	441,249	297,124
At end of year	738,373	297,124

b) The deferred income tax asset and deferred income tax credit in the statement of comprehensive income are attributable to the following items:

	Trading losses K'000	**Capital allowances K'000**	**Total K'000**
Credited / (charged) to income statement	300,858	(3,734)	297,124
At 31 December 2010	300,858	(3,734)	297,124
Credited / (charged) to income statement	466,970	(25,721)	441,249
At 31 December 2011	767,828	(29,455)	738,373

(c) Deferred tax assets are expected to be recovered as follows:

	31 December 2011 K'000	**31 December 2010 K '000**
Within twelve months	32	-
After twelve months	738,341	297,124
At end of year	738,373	297,124

16. **Other assets**

	31 December 2011 K'000	**31 December 2010 K'000**
Accrued interest receivable	93,621	-
Prepayments	18,400	11,574
Staff debtors	10,959	3,900
Other debtors	500,001	-
	622,981	15,474

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

17. Other liabilities

	31 December 2011 K'000	31 December 2010 K'000
Cash collateral	493,039	-
Accrued interest payable	180,842	-
PAYE and pension contributions	42,658	25,164
Other creditors and accruals	187,275	11,049
	903,814	36,213

18. Borrowings

	31 December 2011 K'000	31 December 2010 K'000
Borrowings	3,794,000	-

19. Share capital

The total authorised number of ordinary shares is 5,000,000 with a par value of K 10,000 per share. The authorised share capital is split between A class ordinary shares attached to which are voting rights and B class ordinary shares which do not have voting rights. There are 95,000 authorised A class ordinary shares and 4,905,000 authorised B class ordinary shares.

The following movements in share capital occurred during the period:

	Number of A class shares	Number of B class shares	Total K'000
Issued during the period	95,000	-	950,000
At 31 December 2010	95,000	-	950,000
Issued during the period	-	218,775	2,187,753
At 31 December 2011	95,000	218,775	3,137,753

All issued shares are fully paid.

20. Contributions by shareholders

During 2010 a number of pre-operating expenses were incurred before the Company was registered. The expenses, amounting to K174.4 million were accounted for as contributions by shareholders. During 2011 these contributions were converted into B class shares.

AGORA MICROFINANCE ZAMBIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011 (CONTINUED)

21. **Related party transactions**

(a) As at 31 December 2011, the Company had, as borrower, entered into the following loan agreements with related parties:

	Type of Loan	Maturity	Interest Rate	Principal US$	Drawdown US$
Moringaway	Convertible	1 Feb 2015	11.6%	1,000,000	700,000
AMNV	Convertible	28 Dec 2012	5.0%	1,000,000	100,000

(b) The following loan with a related party was also in place during the year but had been repaid by 31 December 2011:

	Type of Loan	Maturity	Interest Rate	Principal US$
Marcus Fedder	Bridge	21 Nov 2011	7.5%	100,000

(c) Interest charged during 2011 on each of these loans was as follows:

	K'000
Moringaway	180,568
AMNV	274
Marcus Fedder	1,628

(d) During 2010 and as at 31 December 2010, the Company had no loan agreements with related parties.

(e) Key management compensation - for the purposes of related party disclosures key management comprises the CEO and CFO. The directors believe that they exclusively comprise the key management personnel of the company, with the authority and responsibility for planning, directing and controlling, directly or indirectly, its activities.

	31 December 2011 K'000	31 December 2010 K'000
Salaries and other short-term employment benefits	396,672	336,753
Company pension contributions	12,807	7,651
	409,479	344,404

22. **Contingent liabilities and commitments**

There were no significant contingent liabilities or commitments during the year or at the reporting date.

23. **Subsequent events**

There have been no material events occurring between the statement of financial position date and the date of signing this report.

SCHEDULE 1

AGORA MICROFINANCE ZAMBIA LIMITED

DETAILS OF OPERATING EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2011

	Year to 31 December 2011 K'000	8 months to 31 December 2010 K'000
Advertising and branding	5,368	1,100
Audit fees	45,935	36,213
Bank charges	18,330	1,207
Computer expenses	21,678	11,181
Consultancy fees	101,420	21,220
Depreciation	88,758	9,822
Directors' fees	13,227	3,000
General expenses	116,963	10,446
Insurance	18,807	825
Licensing expenses	10,804	1,885
Medical expenses	11,378	2,191
Office expenses	45,430	7,296
Professional fees	69,117	63,899
Recruitment and training	2,200	9,820
Registration expenses	4,712	125,140
Rent	131,200	47,000
Repairs and maintenance	11,113	638
Salary and wages	1,376,391	445,473
Security expenses	56,574	16,404
Stationery	49,016	4,437
Telephone expenses	18,664	3,070
Travel – local	155,206	4,760
Travel – foreign	-	29,194
	2,372,291	856,221